



The Johnson Letter

From the desk of
Michigan State Senator

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State Budget Update

Dear Friend:

As this year's budget process formally gets underway, it has become apparent that Michigan's economy will once again force my colleagues and I to make some extremely difficult decisions. None of us, Republican or Democrat, enjoy making cuts on worthwhile programs. But the reality is that State Government must start living within its means.

On February 10, 2005 Governor Granholm presented Executive Order 2005-3 and her Fiscal Year 2005-2006 budget recommendations. The Executive Order (EO) was to address the estimated \$386 million deficit Michigan faces in our current Fiscal Year, and her budget recommendations took the first steps in our state's budget process for next Fiscal Year.

On February 17, 2005 the Senate Appropriations Committee rejected the Governor's Executive Order noting that the EO only amounted to approximately \$220 million in budget cuts. Members of the Senate Appropriations Committee also expressed great disappointment in the Governor's willingness to break an earlier funding commitment to Universities and Community Colleges.

The commitment, made by the Governor last year and placed in statute in the current Fiscal Year's Higher Education budget, promised that the State would not cut funding to Universities and Community Colleges if they kept tuition increases at or below the rate of inflation. I remain committed to upholding not only the law, but my word and my integrity as well.

I fully understand the Constitutional necessity to reduce the current Fiscal Year's expenditures in order to balance our \$400 million shortfall. After all, no appropriation is a mandate to spend. However, the funding to Higher Education as part of a promise made to Universities is, in my opinion, a binding promise and every effort should be made to fulfill our obligations. I fully believe that you are only as good as your word.

In the near future, Senate and House leadership will be meeting with the Administration in an effort to come to a consensus on the very difficult cuts that must be made.

Inside this issue:

State Budget Update

***State of the State
Response***

High-tech Initiatives

Background Checks

***Restricting
Pseudoephedrine***

Spyware

Capital Investment Bill

***Mobile Phone Users'
Privacy***



State of the State Response

Senate Republicans were encouraged to hear the governor's commitment to work with the Legislature on creating jobs and spurring Michigan's economy during the annual State of the State Address. Meanwhile, they renewed their pledge to fight for every Michigan job and said they stand ready to work with the governor to accomplish what is best for Michigan residents. The GOP vision for Michigan includes providing a job opportunity for anyone who wants to work and support their family. It includes a great education for every student and affordable health care for families and senior citizens. A new legislative initiative, "New Economy," has been unveiled that focuses on improving Michigan's economy by boosting the state's high-tech sector.

Senate Republicans Unveil High-tech Initiatives to Promote Michigan's New Economy

Senate Republicans have demonstrated they remain focused on improving Michigan's economy when they unveiled several new initiatives aimed at boosting the state's high-tech sector. Lawmakers have targeted three areas considered crucial to promoting high-tech industries in Michigan as a way to improve Michigan's economy:

- Attracting research commercialization;
 - Increasing angel investing; and
- Promoting lifelong learning opportunities.



While Michigan has made major investments in life sciences over the past four years, the state is not truly reaping the economic benefits of that investment. A 2004 study ranked Michigan 37th in the nation in risk capital and infrastructure, just above states like Wyoming, Kansas, Iowa and Montana, whose economies rely heavily on natural resources.



Background Checks Bill Passes Senate

The Michigan Senate overwhelmingly passed legislation requiring criminal background checks for applicants seeking forensic polygraph examiner licenses. Under their new rules, the FBI would not have continued to supply the Michigan State Police with criminal history background checks unless Michigan law required it. Senate Bill 137 simply remedies this problem and requires applicants to supply their fingerprints for criminal history background checks to be obtained from the FBI.

Restricting Pseudoephedrine Purchases

Legislation has been introduced that would require all products containing ephedrine or pseudoephedrine as the sole active ingredient be kept behind a counter where the public is not permitted. Senate Bill 189 also would require a person buying the medication to show valid identification and sign a log book indicating the amount purchased. SB 189 allows for medicine that contains ephedrine or pseudoephedrine along with other active ingredients to be exempt from the new rule. It also exempts pediatric products intended for use by children under age 12. SB 189 is based on a similar law in Oklahoma. Officials there said there was an immediate and significant drop in methamphetamine production when the law took effect. Persons who violate the law or produce fake identification would be guilty of a misdemeanor punishable by imprisonment of not more than two years or a fine of not more than \$2,000, or both.



Spyware

Legislation making it a crime to install software that tracks Internet users' activity without their consent passed a Senate committee Wednesday. Senate Bills 53, 54 and 151 were unanimously voted out of the Senate Committee on Technology and Energy. If signed into law, the bills would protect consumers from "spyware," which can monitor Web-based information and prompt pop-up advertisements. Violators would be subject to either a misdemeanor or felony charge, depending on the severity of the violation, punishable by a fine of \$1,000 to \$10,000 or imprisonment for 93 days to four years. Federal law makers are currently advancing similar legislation in the United States Congress. SBs 53, 54 and 151 will now go before the full Senate for consideration.

Capital Investment Bill Introduced

A new economic development bill to promote capital investment by some of Michigan's largest employers was introduced in the Michigan State Senate this week by Senator Johnson. The proposed legislation would continue a Single Business Tax exemption for companies such as Delphi and Visteon on goods sold to their former parent companies. This tax exemption has already led to capital investments in Michigan totaling \$1.8 billion. The SBT exemption was originally passed in 1999, the year Delphi separated from General Motors. Before the separation, sales between the companies were not taxed. Since the sales never were taxed, the previous exemption and the new legislation are revenue neutral for the state.

Both companies are required to maintain 80 percent of their workforce and 100 percent of the capital investment in Michigan to qualify for the exemption. If they fail to keep 80 percent of their workforce in Michigan, they still can qualify for the exemption by doubling their capital investment. Both companies have invested more than the state's annual requirement with significant investments at their facilities across the state. Delphi has invested more than \$1 billion since 1999, while Visteon has invested approximately \$800 million since 2000.

Legislation to Protect Mobile Phone Users' Privacy

Mobile-phone users would be able to choose whether their numbers are put into a nationwide directory under legislation introduced recently. The legislation, Senate Bill 127, would require that mobile-phone service providers receive written consent from their subscribers before listing them in a directory. A nationwide directory is being talked about by the major mobile-phone service providers. People can access the directory by dialing 411. SB 127 is similar to a California law passed last fall.



Questions or Comments?

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Please Note: The Johnson Letter is published monthly, for all interested readers, by the Office of State Senator Shirley Johnson. To be added or removed permanently to our mailing list, please contact our office.